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BULLETIN 09-14

To: All Title Insurers and Producers

RE: Senate Bill 86

Date: June 1, 2009

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The purpose of this Bulletin is to remind all title insurers and producers of the enactment of Senate Bill 86, which becomes effective on June 1, 2009, with the exception of Section 2 which becomes effective on October 1, 2009, and to provide guidance on the manner in which this legislation is to be implemented. This bill amends Section 10-121 of the Insurance Article.

The language added by Senate Bill 86 to Section 10-121 (a)(1), (2) and (3) of the Maryland Insurance Article requires that:

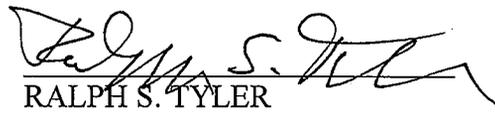
- (A)(1) In this subsection, "Trust Money" means a deposit, payment, or other money that a person entrusts to a licensed title insurance producer in connection with the provision of escrow, closing, or real estate settlement services.
- (2) Except as provided in paragraph (3) of this subsection, only a licensed title insurance producer may exercise control over trust money.
- (3) This subsection does not apply to trust money that is entrusted to:
 - (I) A law firm as defined in Section 10-125 of this subtitle;
 - (II) A title insurer.

Persons who "may exercise control over trust money" would include, but is not limited to, all individuals with signature authority on a trust or escrow account; individuals who can approve and/or release wire transfers from a trust or escrow account and individuals who have day-to-day control of disbursements from a trust or escrow account.

Senate Bill 86 also increases the amount of the required fidelity bond, surety bond or letter of credit to \$150,000.00 each.

A bond in this increased amount (from \$100,000.00 to \$150,000.00) will be required of any title producer who is applying for a new license or holds an existing license due to renew on or after October 1, 2009. Licensees whose licenses expire on or after October 1, 2009, will not be permitted to renew prior to October 1, 2009, and thereby circumvent the intent of the General Assembly.

Questions regarding this Bulletin may be addressed to Darlene Arnold in the Compliance and Enforcement Unit at 410-468-2354.


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